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Discount Store News®

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IN BRIEF

• **TAILORED SEPARATES WILL GAIN FLOOR SPACE THIS** year, say discounters who headed for the Men's Apparel Guild in California (MAGIC) show in Los Angeles. Promotional department stores like Mervyn's (above) already feature separates from Haggar and Levi. Discounters, including Venture and Gold Circle, are this year increasing their stake in the business by adding to their assortment of Reed st. James and other dress-up labels. For more on men's wear, see pp. 41-49.

• **STOP & SHOP IS GOING INTO THE MEN'S APPAREL MAIL** order business with a new catalog called Pride's Landing. At presstime the catalogs were being printed. Stop & Shop officials were withholding most details of the operation. Although the division is being overseen by Bradlees' chairman Hal Frank and also involves the men's wear merchandising staff of the discount chain, the project is being treated separately from the discount store operation.

Four Attempted Takeovers: The Scorecard Is Mixed

By ARTHUR MARKOWITZ
Special Projects Editor

The scorecard of attempted takeovers—friendly and otherwise—involving four major retailers, J. W. Mays, G. C. Murphy, HRT Industries, parent of Zodys, and The May Co., parent of Venture, shows mixed results.

J. W. Mays, so far, has warded off an unfriendly takeover, while a similar unwanted move on The May Co. may just be developing.

G. C. Murphy has turned to an unusual new investment vehicle, an Employee Stock Ownership Plan (ESOP), to try to end any future takeover threats.

HRT'S friendly acquisition by the McCrory Corp. arm of the Meshulum Riklis business empire continues to move along without any opposition.

These four takeover attempts point up the expectation held by many security analysts and trade observers that the corporate acquisition trend will grow in retailing.

The takeover trend, however, has triggered reactions from retailers that range from enacting antitakeover measures in their corporate bylaws to seeking friendly acquisition partners.

Congress could even become involved in barring one antitakeover scheme—paying "greenmail." Greenmail is paying a premium price—unavailable to other shareholders—to a corporate raider for its stock to stop an unfriendly takeover.

Sen. Don Riegle (D-Mich.) has introduced legislation that would bar a company from directly or indirectly buying its stock at a premium price over the market from anyone holding more than 3% of the securities for less than two years.

A premium price could be paid only if it was also offered to all shareholders or if it had advanced approval from a majority of stockholders.

Similar legislation was adopted in the Senate last year but died in the House. The current proposal is being supported by the Securities and Exchange Commission and its advisory panel on tender offers.

Realtor Sol Goldman has been stymied in his six-month-old unfriendly endeavor to acquire J. W. Mays, due to opposition by the discounter's management, continuing legal battle over Goldman's tender and the limited number of publicly held shares transmitted in response to the offer (which expired at presstime).

Goldman obtained 200,240 shares in response to the $12-a-share tender, and shortly after it expired he purchased for $9 a share the 250,700 shares owned by J.J.J. Financial Associates, which had been allied with him in the attempted Mays' takeover.

Along with the 250,700 shares Goldman originally

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Discounters Strengthen Their Hold on Shoppers

CHICAGO — Full-line and specialty discounters have strengthened their hold on Americans looking to buy merchandise at less than full price.

This has occurred in the face of a more competitive retailing environment in which a growing number of consumers expect to purchase goods at discounted prices from an increased number of merchants.

These trends are among the major findings in the latest national consumer survey conducted for *Discount Store News* by Leo J. Shapiro and Associates. The Chicago consumer research firm began an ongoing shopper attitude study a year ago (see *DSN*, July 9, 1984, p. 1), with an interim update compiled for the December 1984 pre-Christmas period.

The latest survey also shows that discounters boosted their status as retailers of name-brand, quality merchandise without any loss in their low-price image.

At the same time, the study found that discounters were able to reach more consumers with their promotional advertising than other retailers during the volatile holiday sales period.

The study's findings include:

A greater number of consumers surveyed in December 1984 usually buy merchandise at less than full price in six categories than shoppers questioned in March 1984, the base period for the ongoing study. The increases in the percentage of shoppers surveyed who bought at discounted prices ranged from one percentage point for those buying sporting goods, at 74%, to 10 percentage points for those purchasing toys, at 80%.

(Continued on page 14)

% of Shoppers Who Usually Pay Less Than Full Price For . . .

Category	March 1984	Dec. 1984	Percentage-Point Change
Auto supplies	54%	57%	+ 3
Dressy clothing	55	57	+ 2
Casual clothes	64	72	+ 8
Sporting goods	73	74	+ 1
Toys	70	80	+10
Children's clothes	NA	83	—
Electronics	80	83	+ 3
Domestics	NA	87	—

NA: Not available.
Source: DSN/Leo J. Shapiro & Associates

The percentage of shoppers who usually pay less than full price went up for the six categories tracked during the two-survey periods

If a Toy's Hot, a Story Probably Goes With It

NEW YORK — The story at this year's Toy Fair was, again, the story.

Although licensed character toys have long established themselves as the backbone of the toy business—(licensed toys accounted for nearly 50% of total sales, according to industry estimates) buyers and manufacturers agree—it's the story line or fantasy concept that has emerged as the single most important factor in marketing a new toy.

Everything, from spinning off cartoon shows to licensing disposable diapers, revolves around the property's story. This year, the emphasis will squarely be on the shoulders of in-house, prepackaged concepts (pioneered by Strawberry Shortcake eight years ago) rather than relying on popular movies or highly rated television shows.

Indeed, last year's disappointing sales of licensed toys from such blockbusters as Gremlins, Dune and Indiana Jones have all but put the nails in the movie license coffin.

Buyers also noted a sharp decline in the Star Wars line and without a new movie on the horizon, the once giant toy license is expected to be pushed aside by several new entries in the boys' action/fantasy figure category.

This year's anticipated cream of the crop, including plush dolls Wuzzles, Hugga Bunch and Pound Puppies and action toys Sectaurs, She-Ra and M.A.S.K., has already attracted a host of licensees, giving their properties more than just a jump on the rest of the field.

The added exposure doesn't even take into account that all of these licenses will have their own Saturday morning cartoon show, or at least, an animated mini-series, which keeps the toys highly visible all year round. Boys' toys like M.A.S.K. and Sectaurs will

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Digest

March 4, 1985

MAGIC SHOW

• **Discounters headed for Los** Angeles to do their fall men's wear shopping at the MAGIC Show. Execs analyze business trends (pp. 41-49).

STATIONERY/HOME OFFICE

• **Buyers are bullish because** of the proliferation of home offices, and the increase in baby boomers' children. (Supplement, pp. 53-61.)

BACK-TO-SCHOOL

• **Chains are expected to lean** heavily on basic stationery promos for BTS. (Section, pp. 69-77.)

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Sales Results a Mass of Pluses

(In millions of dollars)

Chain	Jan. 1985	Jan. 1984	% Gain	Fisc. Yr. ended 1/85	Fisc. Yr. ended 1/84	% Gain
Sears Merchandise Group	$1,728.5[A]	$1,703.5	4.7	$26,508.1[B]	$25,089.3	5.7
K mart	1,237.6	1,064.6	16.3	20,822.5	18,597.9	12.0
Wal-Mart	425.0	331.9	28.0	6,401.0	4,667.0	37.0
Best Products	132.1[C]	93.9	40.7	2,253.8[D]	2,074.1	8.7
Service Merchandise	n/a[E]	n/a	n/a	1,656.9	1,458.1	13.6
Associated Dry Goods	257.4[F]	190.4	35.2	4,060.0[F]	3,555.0	14.2
Caldor/Loehmann's	99.0[F]	70.3	40.9	1,515.0[F]	1,260.0	20.3
May Dept. Stores Co.	243.7	222.9	9.3	4,693.6	4,173.2	12.5
Venture	50.1	45.4	10.2	914.9	777.7	17.6
Zayre Corp.[G]	146.4	120.6	21.3	3,122.1	2,613.6	19.5
Ames	34.5	27.5	25.0	811.1	610.1	33.0
Federated Group	27.3[H]	14.5	88.0	211.4[H]	129.7	63.0

[A]Five weeks ended Feb. 2, 1985. [B]Fiscal year ended Dec. 31, 1984. [C]Five weeks ended Feb. 2. [D]53 weeks ended Feb. 2. [E]Fiscal year ended Dec. 29, 1984. Final quarter sales were $730 million, up 11.5% from $655 million in the prior year's quarter. [F]Five weeks and 53 weeks ended Feb. 2. [G]Excludes leased departments. [H]Five weeks and 49 weeks ended Feb. 3. n/a: Not available.

Source: Company reports

Markdown Wars Seen Continuing Into Spring

Chains Concerned Over 1st Half, Despite Fiscal-Year Sales Gains

Nationwide DSN Report

Discounters expressed concern over first-half 1985 prospects, despite coming off a fiscal year in which sales at many of the nation's top chains climbed more than 12%. Those results were helped by a steady stream of new store openings and a healthy upsurge of consumer spending into last fall, but were slowed by a weak Christmas.

In the fiscal year just ended, comparable-store sales gains at leading full-liners ranged widely from 5.5% at Venture to Wal-Mart's 15% and Ames' 16%.

In comparison, the top catalogers, Best Products and Service Merchandise, fared worse; Service achieved a 1.4% same-store sales gain in the fiscal year.

Discounters expected the last quarter's fierce markdown wars to continue into the spring, and cited that as the main reason for moderated sales goals in the first half.

They see stubbornly high inventories and slowed consumer spending on general merchandise as factors contributing to stronger promotional stances industrywide. General merchandise sales fell a sharp 4.6% during January, according to Commerce Department figures, although overall consumer spending rose 0.7%.

At presstime, Best Products and Consumers Distributing were among chains continuing their markdown efforts. A Best spokesman said that effort would contribute to 1985 earnings "not being satisfactory until late in the year."

"If chains haven't learned from the last quarter's experience, and remain promotional, the first half won't be easy," said Ames president Gerald Kanter.

Gain Expected

Compared with last year's 33% fiscal year sales gain, Ames expects a 20%-25% climb in 1985, producing most of that growth with 21 new stores and 30 remodels, he said. The 1984 results were aided by 12 new stores and 25 remodels.

The Connecticut-based chain, which operates 185 stores in 11 states, "wasn't caught in the markdown syndrome," said Kanter. "We weren't ever that high in inventories, and saw no need to overreact to competition, though we're still a bit over."

Ames achieved a 25% same-store sales gain in January.

Wal-Mart was the only other leading full-line discounter to score significant same-store sales gains during the past fiscal year. Its 15% comparable-store sales rise accounted for much of the chain's overall 37% sales gain, which led all discounters.

However, its January results showed vulnerability in the slowing economy; its same-store sales rose only 5%.

The chain experienced delays in meeting ambitious expansion plans last year, but added 103 Wal-Mart stores and eight Sam's Wholesale Clubs in the period to swell its roster to 745 Wal-Marts and 11 Sam's. In addition, Wal-Mart continues to test its DOT deep-discount drug units and a specialty crafts store as possible growth vehicles.

K mart, the nation's largest discounter, reported a 12% overall sales gain for the past fiscal year, pushing its volume past $20.8 billion on the strength of diversification and remodeling efforts—including results of Builders Square and Waldenbooks.

That sales growth came with the final quarter pain of "much heavier markdowns than expected" to reduce inventories, said chairman Bernard M. Fauber.

Infomart Opening, But Will It Fly?

DALLAS — Infomart, the giant technology trade mart with a look that comes straight out of Victorian England, was getting ready to open its doors at presstime to its first trade show specifically for retailers.

The show, complete with 20,000 sq. ft. of exhibits and three days of seminars, is just one way Infomart plans to attract merchants to its showrooms and other resources, according to president Bill Winsor.

Questions plague the mart's future, however. One is whether despite an eager pitch to retailers in general, the mart's business-to-business services will ever prove attractive to discounters and other mass merchants.

Co-sponsored by NRMA, the show was expected by mart officials to draw 4,000 merchants from jewelry, home furnishings, gifts' accessories, toys and other durable goods operations.

Exhibitors were to include makers of all sizes of computers/peripherals, software services, supplies and computer furniture, plus firms offering training, value-added resellers, consultants, systems houses and publishers.

Seminars were to cover inventory, general ledger, point-of-sale and other direct applications.

The show is just one way Infomart is trying to attract merchants to its showrooms, according to Winsor.

On the drawing boards for June or July of next year is a series of programs designed to bring in volume purchasers of computer and communications equipment, Winsor said.

In addition, mart officials will be pitching retail trade associations and the larger merchants, urging them to bring in special groups to meet at the mart.

Will this be enough?

Some observers have suggested that retailers, including discounters, and other business groups would rather have the technology purveyors come to their own industry shows, such as NRMA's annual meeting.

A firm that sells complete computer systems to retailers recently took out space in the nearby Apparel Mart, rather than Infomart, because the audience was right and fewer competitors were around, according to a published report.

Michael Bilotti, Zayre Corp.'s systems and technical services director and a senior vice president, for one, said that despite invitations he was passing on Infomart's "Minding the Store" trade show.

"I've received several mailings with information from them," Bilotti said, "and as far as I can tell I have no intention of going to anything there this year."

Bilotti said he felt the current show would be a regional one,

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Chains Plan More $$ For Key MIS Areas

NEW YORK — Inventory control and stock replenishment are the two management information systems (MIS) areas most likely to experience increased funding from mass merchants and other retailers during the next two years.

According to a study of the MIS strategies of 111 retailers by the Arthur Young accounting firm, 50% of all the companies polled reported they will implement both inventory control and stock replenishment systems within the next 24 months.

For mass merchants, those reporting they will implement or expand these two systems were 50% and 53%, respectively.

Also high on mass merchant MIS implementation lists were POS systems, with 50% of those chains saying they would develop or improve POS systems within the next two years; purchase order management (50%); in-store systems (58%), and distribution systems (29%).

Mass merchandisers' plans to develop in-store systems out-

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Total MIS Costs as % of 1983 Sales

Total MIS Costs	Sales: Under $100 Million	Sales: $100-$500 Million	Sales: Over $500 Million	Type of Store: Mass Merch.	Type of Store: Dept. Stores	Type of Store: Specialty Stores	Type of Store: Comb./ Grocery Stores	All Participants: 1981	All Participants: 1982
Under 0.25%	0%	9%	13%	5%	0%	0%	46%	8%	11%
0.25 to 0.49	7	13	24	19	0	10	39	14	12
0.50 to 0.749	14	18	27	27	17	13	15	19	25
0.75 to 0.99	17	22	10	32	8	13	0	17	16
1 to 1.49	31	36	20	11	67	37	0	30	24
1.5 to 2	17	0	3	3	4	14	0	6	7
Over 2	14	2	3	3	4	13	0	6	5
1983 Average MIS costs as % of Sales	1.22	0.87	0.73	0.76	1.10	1.25	0.31	—	—
1982 Average	1.21	0.83	0.72	0.74	1.17	1.13	0.30	0.92	0.90

Source: Arthur Young

MIS Payroll Costs as % of 1983 Sales

MIS Payroll Costs	Sales: Under $100 Million	Sales: $100-$500 Million	Sales: Over $500 Million	Type of Store: Mass Merch.	Type of Store: Dept. Stores	Type of Store: Specialty Stores	Type of Store: Comb./ Grocery Stores	All Participants: 1981	All Participants: 1982
Under 1%	4%	9%	7%	6%	0%	3%	29%	7%	7%
0.1 to 0.19	14	18	18	20	5	7	50	18	17
0.2 to 0.29	7	9	25	15	18	10	7	13	13
0.3 to 0.49	32	44	32	44	45	33	14	38	36
0.50 to 0.69	14	16	11	6	18	27	0	14	14
0.7 to 1	22	2	7	9	9	13	0	5	9
Over 1	7	2	0	0	5	7	0	5	4
1983 Average MIS Payroll/Sales	0.50	0.36	0.32	0.33	0.45	0.53	0.15	0.38	0.39
1982 Average MIS Payroll/Sales	0.46	0.37	0.31	0.33	0.44	0.49	0.14	0.38	0.39

Source: Arthur Young

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Vol. 24, No. 5 March 4, 1985

% of Consumers Who Say a Specific Store Is Their Preferred Retailer For a Specific Category

Category	Retailers That Traditionally Sell at Less Than Full Price: Full-Line Discounters: K mart	Full-Line Discounters: Other Traditional Discounters	Upscale Discounters	Specialty Discounters	Catalog Showrooms	Big Three General Merchandisers	Conventional Department Stores	Other Full-Priced Stores	Not Answering
Electronics	8%	14%	2%	20%	3%	14%	6%	23%	10%
Toys	20	21	7	27	3	7	5	7	3
Children's Clothes	16	12	5	2	—	31	20	9	5
Casual Clothes	9	9	3	2	—	22	29	21	5
Dressy Clothes	5	4	1	1	—	22	37	25	5
Auto Accessories	8	3	2	15	—	11	1	53	7
Sporting Goods	13	10	4	14	4	14	5	28	8
Domestics	14	13	3	2	—	34	23	7	4

Source: DSN/Leo J. Shapiro & Associates

Despite consumers' preference to buy at less than full price, the store they cite as "preferred" is as likely to be one that sells at full price as at discount.

Full-line, Specialty Discounters Strengthen Their Hold

(Continued from page 1)

The average gain in the percentage of consumers purchasing at less than full price was 4.6 percentage points, so that the unusually big jump for toys may be influenced by shoppers' exceptionally strong interest in this merchandise during the holiday gift-giving period.

(The December survey for the first time also tracked domestics and children's clothes, so eight categories in all were covered.)

While 57% to 87% of the consumers surveyed usually purchased goods in all eight categories at less than full price, the stores they cited as "preferred to shop in" were full-priced retailers for about half the merchandise areas—further proof that a growing number of merchants are selling a broader assortment of goods at discount.

The study found that retailers that sold at full price were the preferred store for casual clothes (51%) and dressy clothes (64%) while preference for full-priced and less-than-full-priced retailers was about even for auto accessories and for sporting goods.

Retailers that sold at less than full price were the favored merchants for electronics (56%), toys (65%), children's clothes (52%) and domestics (58%).

The specific type of retailer or store that was cited as the preferred merchant in the eight categories were: electronics, full-line discounters (24%) and full-priced specialty stores (23%); toys, full-line discounters (48%) and specialty discounters (27%); children's clothes, full-line discounters (33%) and Sears/Penney/Ward (31%); casual clothes, conventional department stores (29%) and Sears/Penney/Ward (22%); dressy clothes, conventional department stores (37%) and Sears/Penney/Ward (22%); auto accessories, full-priced specialty stores (53%) and full-line discounters (13%); sporting goods, full-priced specialty stores (28%) and full-line discounters (27%), and domestics, Sears/Penney/Ward (34%) and full-line discounters (30%).

Consumers didn't feel they lowered their standards in increasing their purchases of merchandise at less than full price. In a tabulation of the advantages of buying at discounted prices from all retailers, the study found that quality as a factor went from 6% in the March period to 14% in December. Other key advantages included availability of name brands, up from 2% to 4%; lower prices, a gain from 16% to 20%, and promotional sales, an increase from 1% to 5%.

The only decline was in the variety and selection of goods, which slipped from 11% to 10%.

Overall, this compilation of factors indicates that shoppers felt that retailers that were offering goods at less than full price were making a more limited variety of merchandise available, but this negative factor was more than outweighed by such benefits as lower price, better quality merchandise and the increase in promotions that resulted in lower prices.

While there was an increase overall in the percentage of shoppers usually buying goods at less than full price during the course of the two survey periods, the numbers doing so specifically at full-line and specialty discounters shot way up in

(Continued on page 15)

"What's in it for me?"

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DSN

NHCNews Briefs

Industry Update

Mr. HOW lines up 10 more sites

MARGATE, Fla. — Mr. HOW has lined up 10 more store sites for 1985 in addition to the Denver suburb of Aurora (*NHCN*, Jan. 28), *National Home Center News* has learned.

The additional units would bring the number planned for this year to 28. Mr. HOW now has 17 units, including the five Chicago Forest City stores it recently agreed to buy (*NHCN*, Feb. 11).

The additional Mr. HOW units are located in the Miami suburbs of Hialeah and Green Acres as well as Pensacola and Jacksonville, Fla.

Knoxville and Chattanooga, Tenn., as well as Roanoke, Va., and Huntsville, Ala., are also slated as new Mr. HOW markets, while Nashville and Oklahoma City should get additional stores.

Mr. HOW officials would not confirm a suburban Philadelphia location in Montgomeryville, Pa.

Payless files for new offering

KANSAS CITY, Mo. — Payless Cashways made a Feb. 7 filing with the Securities and Exchange Commission to sell 3,062,529 shares of its common stock, the proceeds from which are to be allocated to 1985 capital expenditures for the expansion of the 160-unit chain, according to vp-finance Steve Lightstone.

Two million shares will be marketed by Payless itself, with the remainder being sold by shareholders—including the Cohen family, who acquired Payless stock when it sold Somerville Lumber to the company—through Goldman Sachs, the New York investment firm. The Cohens previously sold 750,000 shares, 30% of its stake in Payless (*NHCN*, Dec. 17).

The day Payless made the filing, its stock was selling for 19⅞, down ¾, which would make this sale at that price equal to $61 million. The stock price was close to Payless' 52 week high of 21¼.

Kero-Sun suit settled

HARTFORD — After more than a year's wrangling, lawsuits between Kero-Sun and its former Japanese supplier, Toyotomi Kogyo, have been settled.

On Jan. 25, a U.S. District Court here awarded Toyotomi $2.4 million and the right to use the "Kero-Sun" trade name in marketing its kerosene heaters and other products.

In late 1983, each company had filed against the other in the wake of a collapsed kerosene heater market which left Kero-Sun saddled with enormous inventory supply.

At that time Kero-Sun sued Toyotomi for $100 million, alleging that its officials tried to acquire and market Kero-Sun's trade secrets. Toyotomi countered with a $55 million breach of contract suit (because Kero-Sun would not receive 250,000 heaters it had ordered), and a $10 million action claiming Kero-Sun had tried to "illegally exclude" Toyotomi from the marketplace.

The settlement in Hartford, which took six months to hammer out, terminates any other suits by the two parties.

A spokesman for Toyotomi said it would continue to market some of its products under the "Toyostove" brand name, and use the "Kero-Sun" label on "different, noncompetitive items." He declined to identify which these would be.

Kero-Sun, which filed bankruptcy early last year, currently is marketing parts for kerosene heaters, and is in the process of coming out with a new line of products to be marketed under the name "Litwin Industries," named after Kero-Sun's founder, Bill Litwin.

60,000-ft. Chase-Pitkin readied

ROCHESTER — Chase-Pitkin has begun construction on a new 60,000-sq.-ft. home center in the Rochester, N.Y., suburb of Canandaigua.

The new facility, which includes 15,000 sq. ft. of protected outdoor selling space for garden and building materials, is being built with a greater emphasis toward contractor and building materials sales than previous outlets, according to president Stephen Underwood.

Slated to open this spring, the new store will be Chase-Pitkin's 12th outlet in the Rochester market.

In a separate development, Chase-Pitkin has also begun expanding and remodeling several of its stores, including its 29,000-sq.-ft. Greece, N.Y., outlet which is being enlarged to 50,000 sq. ft. and slated for a grand reopening also this spring.

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Vol. 11, No. 5 Feb. 25, 1985

Six Lloyd workers face various theft, drug and gambling charges

BREWSTER, N.Y. — Six Lloyd Home and Building Center employees and two of its customers have been arrested and arraigned on various charges of grand larceny, criminal possession of stolen property, gambling, burglary and the possession and sale of cocaine at the company's Brewster store.

The arrests were made on Jan. 28 and 29 culminating a two- and a half-month investigation by the Putnam County Sheriff's Narcotic Task Force in cooperation with Putnam County District Attorney Joseph Costello.

Lloyd is a 39-unit home center chain headquartered in Danbury, Conn.

All of the six Lloyd workers were full-time employees who had been with the company's Brewster location for no more than six to seven months, according to store manager Dan Keith and company president Richard Anglin. Keith said only one of them had been with the company for more than one year.

The six Lloyd employees who were charged, arraigned and remanded to the Putnam County Jail on Jan. 28 were all allegedly stealing building materials—in-cluding lumber, shingles and tolls—from the store's outside yard and selling the merchandise "to contractors and homeowners at a cut-rate price," said investigator Daniel Stephens.

A statement issued by the Sheriff's department on Jan. 28 estimated the lost merchandise at $300,000 but Lloyd president Anglin said he doubts that more than $100,000 to $115,000 worth of materials is missing.

Sheriff Raynor Weizenecker said in a subsequent statement released a day later that as of that Jan. 29, $15,000 worth of property had been recovered.

Also from that Brewster location, Weizenecker reported in his Jan. 28 release that the police investigation uncovered "a gambling operation run from the Brewster location by a Brewster employee and a system for the distribution and use of cocaine."

Stephens said the gambling operation appears to have been small and that the cocaine activity was "probably for personal use. There's no reason to believe otherwise."

According to Anglin, the employees allegedly involved were probably not working together

(Continued on page 86)

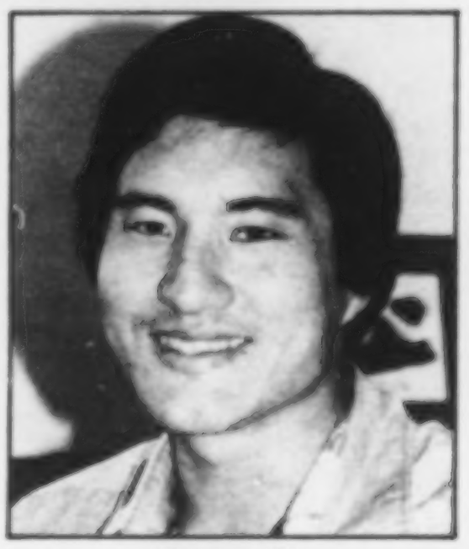
Ai quits City Mill to join consulting ranks

HONOLULU — Steven C. Ai, executive vp of City Mill Co. Ltd. and the heir apparent to the six-unit home center chain, is quitting the company to become a management consultant for the Honolulu branch of Peat Marwick Mitchell & Co.

The 31-year-old son of company president David Ai and grandson of founder Chung Kun Ai said he decided to leave the closely held family business effective Feb. 22 because, "I'm not getting any younger and this is a good time to start a new career."

Consulting, Ai elaborated, "is something I've always wanted to do. That's been my first love."

Ai has grown up in the lumber and building materials business and has been active in several home center industry advisory groups over the years.



Steven Ai

He has been with City Mill in an executive capacity for five years, beginning as an administrative assistant to the president (his father), and, in June 1983, received a promotion to executive vp, a newly created post. Ai said he doubted the position would be filled following his departure.

Ai received his undergraduate degree with a minor in accounting at Whittier College in California and a master's in business administration at the University of Denver. He was an accountant in the office of Mayor Tom Bradley of Los Angeles and a loan analyst for Union Bank before joining City Mill.

"My father is hoping that in two or three years I'll get it out of my system," Ai said of his new job. "He is fairly open minded, and happy that I am happy."

Ai said his decision to leave was unrelated to the increasing island competition stirred up by last May's opening of a Pay 'N Pak warehouse outlet near City Mill's 60,000-sq.-ft. flagship store on Nimitz Boulevard.

Highlights in this issue

Merchandising Supplement: Decorative Products

- *Dealers expect bright & brassy look to bag big cabinet hardware sales.* **Page 31**
- *Interiors reflect emotions of homebuyers.* **Page 38**
- *New franchise taps national decorator market.* **Page 40**
- *Wood floors make comeback in DIY market.* **Page 41**
- *Mr. T talks tough for one vendor's products as other suppliers launch high profile promos.* **Page 46**
- *Stair rails and banisters poised for DIY surge.* **Page 48**

Advertising & Marketing

- *This month Manville will discover whether the $7.2 million it spent on a media campaign to improve its public image has been worth it, following a deluge of product liability litigation against the company.* **Page 60**
- *Diamond Lumber debuted the first in what will be a series of evolving ad campaigns aimed at bringing its advertising out of the 1950's and into the 1980's.* **Page 60**
- *Bill Murray may have introduced the "Stop Ghosts" symbol, but a West Coast home center chain has utilized it to convince consumers not to shop its competitors.* **Page 63**

Systems & Operations

- *Stan Torstenson, a former high school industrial education teacher, now president of Stan's Lumber in Twin Lakes, Wis., has installed new computer software that will reduce estimating time.* **Page 71**
- *Prior to the installation of new software into Scarborough Lumber's computer system late last year, employees at the chain of three stores spent many long hours reworking estimates when their customers requested changes in either the quantity or type of materials. The new software has helped unearth the company from a mountain of paper.* **Page 72**

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FINANCIAL NEWS

35 Gainers

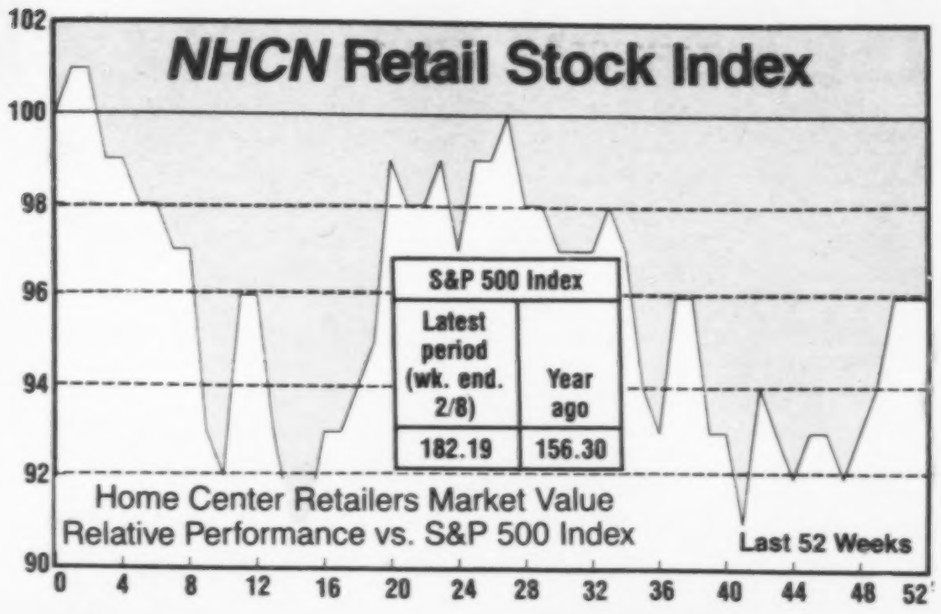
2 Unchanged

17 Losers

Home center stocks, which had been furiously gaining ground on the Standard & Poor's 500 Index over the previous four weeks, leveled off during the two-week period ended Feb. 8. The *NHCN* Retail Stock Index stood at 94.0, relative to the S&P 500 Index, which closed 25.89 points above its year-ago level.

This break in the industry's recent surge was reflected in the greater number of stocks that showed price declines in the period. Among retailer, wholesaler and manufacturer issues, 17 stocks fell (up from just five two weeks ago), 35 gained (down from 46) and two were unchanged.

Evans Products, in the throes of questions on how it will settle its heavy debt (*see story, page 1*), recorded a marked increase in activity. Its volume trend change of 350% indicates that there have been more shares traded in the past two-week period, as a per cent of outstanding shares, than the average for Evans' stock over the past quarter. Evans' stock price jumped 13.3%, to close the two-week period at $4.25.



MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Manville Cp N	36,598	690.2	30.0
Wickhan Lumber M	2,363	477.1	4.1
Clopay Corp A	209	370.3	11.5
Evans Prod N	5,097	350.0	13.3
K mart Cp N	85,179	319.8	- 4.6
Std Brd Prt N	7,591	312.7	- 1.2
Triangle Pac N	1,110	295.7	.9
Waxman Ind O	770	288.0	14.0
Color Tile M	8,197	277.5	.7
Payless Cash N	25,288	262.0	2.6

TOP GAINERS

Company & Market	2-Weeks Ended 2-08-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Manville Cp N	8.13	30.0	36,598
Scott Seabd O	1.25	25.0	71
Natl Lumber M	5.75	15.0	683
Waxman Ind O	16.25	14.0	770
Evans Prod N	4.25	13.3	5,097

TOP LOSERS

Company & Market	2-Weeks Ended 2-08-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Home Depot N	16.00	- 6.6	15,723
USG Corp N	64.50	- 5.7	9,634
Am Standard N	32.88	- 5.4	6,546
K mart Cp N	36.63	- 4.6	85,179
MacMiln Bldel N	20.50	- 4.1	103

Home Center News

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 2-08-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report -, Period -, Date Ended -; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 2-08-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total (100)	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change %	P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %	Latest Report New Report -	Latest Report Period -	Latest Report Date Ended -	Latest Quarter Revenue Amt. $Mil	Latest Quarter Revenue Chg. %	Latest Quarter Net Income Amt. $Mil	Latest Quarter Net Income Chg. %	Latest Quarter E.P.S. Amt. $	Latest Quarter E.P.S. Chg. %	Year-to-Date Revenue Amt. $Mil	Year-to-Date Revenue Chg. %	Year-to-Date Net Income Amt. $Mil	Year-to-Date Net Income Chg. %	Year-to-Date E.P.S. Amt. $	Year-to-Date E.P.S. Chg. %
Retailers																													
Boise Cascade N	44.13	1.88	4.4	44.38	41.75	44.63	32.50	11,219	4.06	1.73	134.7	19.8	1.90	4.3	NEW	fiscal	12-84	907.2	.7	(24.5)	- 100.0	(1.01)	- 100.0	3816.9	10.6	69.6	15.2	2.23	16.8
Color Tile M	18.63	.13	.7	18.88	16.50	18.88	13.63	8,197	8.91	2.36	277.5	12.5	.00	.0	NEW	6 mos.	12-84	83.2	21.1	3.4	- 5.6	.37	2.8	158.7	20.7	6.2	- 1.6	.68	9.7
Edison Bros N	36.75	.38	1.0	37.50	36.25	39.75	32.50	811	.80	.53	50.9	8.4	1.60	4.4	.....	9 mos.	09-84	270.7	8.6	8.9	- 14.4	.88	- 8.3	777.5	8.6	24.5	- 9.9	2.37	- 5.6
Erb Lumber O	19.00	.75	4.1	19.75	18.25	24.50	18.00	43	.48	.44	9.1	8.9	.00	.0	NEW	9 mos.	09-84	43.3	1.6	1.2	- 7.7	1.30	- 11.0	113.6	11.2	2.1	- 4.5	2.29	- 6.1
Evans Prod N	4.25	.50	13.3	6.00	3.63	7.88	3.00	5,097	3.69	.82	350.0	NE	.00a	.0	.....	9 mos.	09-84	404.2	10.6	(12.6)	NE	(.99)	NE	1030.0	6.1	(52.6)	NE	(4.04)	NE
Forest City Ent A	21.75	1.00	4.8	21.75	20.38	21.75	15.00	181	.45	.31	45.2	70.2	.15	.7	NEW	9 mos.	10-84	85.8	284.8	2.7	NC	.34	NC	256.5	37.5	3.1	- 35.4	.39	- 35.0
Grace W R N	41.63	- 1.13	- 2.6	42.75	41.38	44.50	36.50	5,779	1.19	.84	41.7	10.4	2.80	6.7	NEW	fiscal	12-84	1830.8	4.4	59.1	13.0	1.22	2.5	6727.8	8.2	195.6	27.0	4.02	26.8
Hechinger A M	24.88	.88	3.6	25.25	22.25	24.88	13.50	1,349	1.93	1.24	55.6	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	25.75	.25	1.0	26.00	24.00	26.00	14.00	824	.45	.31	45.2	23.4	.10	.4	.....	9 mos.	10-84	100.4	28.7	4.7	30.6	.26	36.8	302.7	31.3	14.8	33.3	.81	32.8
Hines Ed Lumber O	42.00	.25	.6	43.00	42.00	43.75	32.50	38	.22	.16	37.5	28.4	1.00	2.4	.....	9 mos.	09-84	85.5	20.4	2.2	144.4	1.24	148.0	212.4	13.2	2.3	53.3	1.30	52.9
Homecrafters Whse M	8.50	.25	3.0	8.75	8.00	16.25	5.25	1,023	6.46	3.08	109.7	40.5	.00	.0	.....	fiscal	12-83	NC	NC	NC	NC	NC	NC	104.5	NC	.8	NC	.21	NC
Home Depot N	16.00	- 1.13	- 6.6	17.38	15.00	27.88	12.00	15,723	6.29	1.83	243.7	29.1	.00	.0	.....	9 mos.	10-84	100.5	56.8	3.3	43.5	.13	44.4	315.4	81.6	10.5	50.0	.42	50.0
K mart Cp N	36.63	- 1.75	- 4.6	41.50	36.00	41.50	26.75	85,179	6.80	1.62	319.8	8.8	1.24	3.4	.....	9 mos.	10-84	4993.3	15.3	92.4	13.5	.71	12.7	14220.4	9.8	294.8	21.0	2.27	20.1
Lowe's Cos N	27.50	- .75	- 2.7	29.63	27.00	29.63	16.25	12,388	3.42	1.25	173.6	16.5	.32	1.2	.....	9 mos.	10-84	447.7	17.2	17.6	23.9	.49	25.6	1312.9	19.4	50.9	23.8	1.41	23.7
Mich General A	8.00	.75	10.3	8.13	6.88	8.50	4.63	5,045	4.45	1.29	245.0	27.6	.00	.0	NEW	9 mos.	09-84	123.9	327.2	2.0	122.2	.18	200.0	344.3	335.8	4.8	45.5	.42	- 16.0
Natl Lumber M	5.75	.75	15.0	6.00	5.00	9.25	4.50	683	1.21	.58	108.6	16.9	.00	.0	NEW	6 mos.	06-84	33.5	13.6	.4	- 66.7	.07	- 73.1	62.4	16.4	.7	- 41.7	.13	- 50.0
Pay N Pak N	14.25	.63	4.6	14.50	13.13	17.50	11.50	3,537	3.54	1.32	168.2	12.6	.60	4.2	NEW	9 mos.	11-84	81.5	20.0	2.7	- 15.6	.27	- 20.6	243.7	24.3	8.9	14.1	.89	2.3
Payless Cash N	19.88	.50	2.6	21.25	19.00	21.25	13.50	25,288	7.82	2.16	262.0	16.0	.16	.8	.....	9 mos.	08-84	334.5	32.8	12.9	18.3	.40	.0	843.9	37.6	27.7	13.5	.86	- 5.5
Scott Seabd O	1.25	.25	25.0	1.75	1.00	3.75	1.00	71	.39	.20	95.0	NE	.00	.0	NEW	9 mos.	10-84	9.0	3.4	.0	- 100.0	(.01)	- 100.0	29.5	7.3	.2	- 75.0	.12	- 70.7
Scotty's Inc N	15.75	.88	5.9	15.88	14.88	15.88	11.38	2,434	1.84	.95	234.5	11.3	.52	3.3	NEW	6 mos.	12-84	109.6	9.3	3.6	9.1	.26	.0	211.3	8.0	7.0	7.7	.52	.0
Sears, Roebuck N	35.13	- .38	- 1.1	36.88	34.75	37.63	29.50	77,943	2.17	.83	161.4	8.5	1.76	5.0	.....	9 mos.	09-84	9696.2	8.4	321.9	11.5	.88	8.6	27732.3	10.2	891.7	17.4	2.47	14.9
SW Forest Ind N	15.13	- .13	- .8	15.25	14.63	22.50	13.25	2,898	3.12	1.53	103.9	NE	.00	.0	.....	9 mos.	09-84	203.1	5.5	4.1	NE	.27	NE	587.5	15.8	13.1	NE	.89	NE
Std Brd Prt N	20.13	- .25	- 1.2	21.25	19.50	22.00	16.50	7,590	6.81	1.65	312.7	11.4	.54	2.7	NEW	9 mos.	10-84	81.5	2.4	5.3	- 3.6	.48	- 2.0	244.2	6.1	16.3	6.5	1.47	6.5
Supermkts Gen N	37.88	1.25	3.4	38.75	35.75	38.75	19.25	3,209	1.80	.91	97.8	15.3	.42	1.1	.....	9 mos.	10-84	1149.7	30.6	10.4	33.3	.58	31.8	3010.6	15.7	30.3	11.8	1.70	11.1
Wickhan Lumber M	6.38	.25	4.1	6.38	5.75	6.38	4.00	2,363	4.04	.70	477.1	11.8	.16	2.5	NEW	9 mos.	09-84	41.6	18.5	1.1	57.1	.19	NC	103.0	22.8	1.8	38.5	.31	NC
Wholesalers																													
Lewis Palmer M	9.63	.38	4.1	9.75	8.63	9.63	7.09	1,845	4.94	1.45	240.7	38.5	.28b	2.9	.....	6 mos.	07-84	40.3	19.9	.5	- 28.6	.15	NC	69.4	17.0	.8	.0	.25	NC
Manufacturers																													
Allegheny Int N	28.50	2.00	7.5	28.75	26.75	28.75	18.75	1,624	1.54	.78	97.4	14.4	1.40	4.9	.....	9 mos.	09-84	585.3	6.1	10.2	209.1	.01	NE	1761.2	2.6	32.5	NE	.02	NE
Am Standard N	32.88	- 1.88	- 5.4	35.38	32.25	35.38	22.88	6,546	1.68	.66	154.5	14.1	1.60	4.9	.....	9 mos.	09-84	1005.7	97.6	30.2	105.4	.64	20.8	2529.2	57.4	67.4	51.1	1.68	3.7
Armstrng Wrld N	37.63	1.38	3.8	37.88	36.13	37.88	22.25	6,770	2.84	1.59	78.6	9.9	1.20	3.2	NEW	fiscal	12-84	382.4	7.4	18.8	43.5	.79	51.9	1569.2	9.0	92.2	46.1	3.79	49.8
Black & Decker N	26.00	.00	.0	26.50	24.50	26.88	17.25	21,533	4.28	1.52	181.6	13.3	.64	2.5	NEW	3 mos.	12-84	503.0	40.5	29.0	8.6	.57	1.8	503.0	40.5	29.0	8.6	.57	1.8
Certain-teed N	26.25	2.25	9.4	27.13	24.00	27.13	15.50	3,768	1.99	.95	251.8	12.1	.70	2.7	NEW	fiscal	12-84	273.8	5.8	13.9	73.8	.70	89.2	1189.6	14.3	43.5	31.0	2.17	25.4
Champ Intl N	23.63	- .63	- 2.6	26.75	23.00	26.75	16.88	28,158	3.04	1.76	72.7	NE	.40	1.7	NEW	fiscal	12-84	1690.4	56.7	(115.4)	- 100.0	(2.14)	- 100.0	5121.1	20.1	(6.0)	- 100.0	(.36)	- 100.0
Clopay Corp A	21.75	2.25	11.5	22.25	19.50	22.25	13.63	209	1.74	.37	370.3	10.8	.16	.7	NEW	fiscal	12-84	36.4	13.8	.9	28.6	.76	40.7	134.0	13.0	2.5	66.7	2.02	68.3
DeSoto Inc N	35.63	.00	.0	36.25	34.63	36.25	21.50	594	1.06	.41	158.5	10.1	1.40	3.9	.....	9 mos.	09-84	114.4	22.0	5.9	28.3	1.06	29.3	329.2	19.3	15.9	14.4	2.85	14.0
Emhart Corp N	32.13	1.63	5.3	32.13	30.13	32.13	24.53	3,462	1.44	.49	183.9	9.8	1.27b	4.0	NEW	fiscal	12-84	448.7	.8	25.2	- 11.9	.69	- 33.0	1795.0	6.5	90.0	6.8	3.27	6.9
Georgia-Pacific N	26.00	.25	1.0	26.63	25.25	26.63	18.00	46,282	4.51	1.96	130.1	12.1	.80	3.1	.....	9 mos.	09-84	1880.0	10.0	83.0	2666.7	.74	2366.7	5334.0	10.5	218.0	144.9	1.99	142.7
Insilco Corp N	20.50	.50	2.5	20.63	19.25	20.63	14.00	2,747	1.92	.60	134.8	10.7	1.00b	4.9	NEW	fiscal	12-84	180.9	12.1	7.3	5.8	.42	5.0	786.9	16.7	33.0	- 3.8	1.91	- 4.5
La Pacific N	24.63	.59	2.5	24.75	23.88	24.88	16.50	6,677	1.88	.99	89.9	30.8	.78b	3.2	.....	9 mos.	09-84	312.7	14.2	6.9	56.8	.18	50.0	946.3	16.9	21.2	1.9	.59	- 3.3
Macmillin Bldel N	20.50	- .88	- 4.1	22.25	20.50	24.47	17.19	103	.04	.03	33.3	NE	.00a	.0	.....	9 mos.	09-84	603.0	21.3	7.5	1150.0	.04	NE	1549.1	1.7	(4.7)	NE	(.80)	NE
Manville Cp N	8.13	1.88	30.0	8.50	6.00	11.75	5.50	36,598	15.25	1.93	690.2	6.9	.00	.0	.....	9 mos.	09-84	512.0	12.9	28.2	38.2	.92	55.9	1400.9	7.9	59.0	- 10.6	1.68	- 26.0
Masco Corp N	31.50	- .25	- .8	33.50	30.50	33.50	22.50	9,072	1.61	.75	114.7	14.4	.56	1.8	.....	9 mos.	09-84	522.8	95.1	81.0	174.6	(.17)	- 100.0	805.0	2.2	94.2	22.7	1.67	25.6
Natl Gypsum N	44.00	- .25	- .6	44.63	40.13	44.63	27.00	6,881	4.42	1.84	140.2	6.9	1.76	4.0	.....	9 mos.	09-84	449.0	44.1	28.1	68.3	1.81	79.2	1288.3	56.8	81.6	164.1	5.24	175.8
Newell Cos N	18.50	- .38	- 2.0	18.75	18.00	18.88	13.25	923	1.08	.45	140.0	11.8	.50	2.7	.....	9 mos.	09-84	67.6	- 2.3	3.1	- 20.5	.36	- 21.7	218.6	32.6	10.0	6.4	1.16	4.5
Owens Corning N	36.75	1.25	3.5	36.88	35.13	36.88	25.13	12,341	4.19	1.58	165.2	9.5	1.40	3.8	.....	9 mos.	09-84	806.1	8.4	34.8	20.0	1.18	19.2	2265.2	12.3	80.3	71.2	2.73	68.5
Pope & Talbot N	19.50	1.00	5.4	19.63	18.75	22.75	15.00	483	.81	.31	161.3	18.2	.80	4.1	.....	9 mos.	09-84	83.2	26.8	(.6)	- 100.0	(.10)	- 100.0	241.7	14.2	4.1	- 52.3	.69	- 52.1
Potlatch Cp N	34.63	.13	.4	35.00	33.63	35.00	25.75	1,247	.81	.75	8.0	12.7	1.56	4.5	.....	9 mos.	09-84	249.1	7.8	11.1	2.8	.64	16.4	757.8	12.5	39.6	30.3	2.22	45.1
Sherwin-Wms N	35.00	2.13	6.5	35.00	32.25	35.00	22.25	6,259	2.75	1.10	150.0	12.6	.76	2.2	.....	9 mos.	09-84	552.5	4.2	25.3	9.5	1.11	16.8	1573.7	4.6	55.9	16.2	2.43	23.4
Stanley Works N	29.38	- .50	- 1.7	30.38	28.50	30.38	19.50	5,888	2.12	1.36	55.9	11.6	.96	3.3	.....	9 mos.	09-84	294.6	18.7	18.1	29.3	.65	27.5	852.4	18.3	50.0	55.8	1.79	53.0
Thos Inds N	18.00	.13	.7	18.75	17.63	18.88	12.38	849	1.00	.31	222.6	9.9	.62b	3.4	.....	9 mos.	09-84	79.5	38.7	4.3	22.9	.50	- 5.7	214.6	31.7	12.0	51.9	1.41	35.6
Triangle Pac N	28.75	.25	.9	29.00	27.88	29.00	20.75	1,110	2.73	.69	295.7	8.7	1.00	3.5	.....	9 mos.	09-84	71.5	15.1	4.3	30.3	1.02	22.9	207.5	24.1	10.7	25.9	2.59	23.3
USG Corp N	64.50	- 3.88	- 5.7	70.38	62.00	70.38	45.00	9,634	5.85	2.26	158.8	6.2	3.00	4.7	.....	9 mos.	09-84	633.7	45.9	47.5	68.4	2.87	70.8	1708.0	45.3	145.3	179.4	8.79	184.5
Walter, Jim N	35.88	- .50	- 1.4	36.75	34.50	36.75	22.00	6,874	3.28	1.66	97.6	8.2	1.20	3.3	NEW	3 mos.	11-84	558.3	- 1.1	27.1	21.0	1.24	- 3.9	558.3	- 1.1	27.1	21.0	1.24	- 3.9
Waxman Ind O	16.25	2.00	14.0	17.00	14.25	17.00	4.13	770	4.54	1.17	288.0	12.5	.06	.4	NEW	6 mos.	12-84	20.4	121.7	.5	150.0	.30	NC	40.9	109.7	1.2	200.0	.70	NC
Weyerhaeuser N	32.50	- .25	- .8	33.38	31.13	34.00	25.00	20,856	1.61	.85	89.4	21.4	1.30	4.0	NEW	fiscal	12-84	1407.8	11.7	27.4	- 60.9	.16	- 67.3	5549.7	13.7	226.2	10.4	1.52	11.8

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

General Field Footnotes

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

FINANCIAL NEWS

Trump Group takes tighter hold over Pay 'n Save's operations

(Continued from page 1)

ber, Hendricks told *NHCN*, "I don't see that much changing in our company under new owners."

Changes are taking place, however, and can probably be traced back to Pay 'n Save's 1983 acquisition of 58-store Schuck's Auto Supply, in which two Schuck's executives received 18.4% of Pay 'n Save's stock.

Long-time Pay 'n Save executives apparently feared that the Schuck's principals, Samuel Stroum and Stuart Sloan, would take over the company. They found White Knights in the Trump brothers, who agreed to assist in converting Pay 'n Save to private ownership. After some bargaining, Stroum and Sloan agreed to tender their shares.

Silent no longer

The prevailing opinion had been that the Trumps (Julius and his brother Edmund) would then play the role of silent partners and let existing management continue to hold the reins.

That didn't happen, and some observers say the reason is in part due to the company ending its fiscal year, Feb. 2, reportedly with a severe decline in profits. For the first half profits fell 64%. The company has not released later figures, but Konschuh said earnings were about $30 million for the year ended Jan. 28, 1984, "and we definitely will make a profit this year." He added, however, "We have not had a very profitable year; we will admit that."

A spokesman for the Trumps referred all inquiries about Pay 'n Save to that company.

Like its corporate parent, Ernst's fortunes appear to be sagging despite a much-publicized three-year retrofit program that is sprucing up the chain's stores.

'84 earnings fall

The September prospectus on the Trump leveraged buyout plan forecast Ernst's 1984 sales at $316.8 million, with earnings declining 58.2%, to $4.6 million.

Other divisions are also undergoing management shakeups.

Jack Phelan, vp and president of the 33-unit Bi-Mart discount-drug chain, retired Feb. 2, reportedly in part due to differences with Trump.

Howard Jones, president of the company's Schuck's Auto Supply division since last spring, and Jim O'Sullivan, merchandise director of drug stores in the Pacific Northwest, both left in December.

The deal that took Pay 'n Save private resulted in $370 million in debt, Konschuh said, and to repay this amount,

ERNST home centers

"there is a strong likelihood that a division or more would be sold to help erase part of this debt."

Last year the company sold 12 of its 15 Sportswest sporting goods stores and there are reports that the Bi-Mart stores and three Yard Birds (family shopping centers in central Washington) are on the top of the list for possible divestiture.

Pay 'n Save is also negotiating lease buyback deals in which it will sell property it owns in exchange for long-term leases. "A good chunk of the real estate we own, we will be selling," Konschuh confirmed.

The actual merger with the Trump Group will be finalized sometime this spring. Under terms of the deal, about 9.4% of the company will be owned by 13 Pay 'n Save executives, including Boston, but control will be in the Trump's hands.

More autonomy now

Konschuh said until the merger is finalized, an organizational chart showing the corporate hierarchy will not be developed. He acknowledged, however, that there is more autonomy at the divisions level under the Trump management.

Elaborating, Konschuh said, "There is a definite move amongst the upper level of the corporation toward a division autonomous function. . . . Julius meets with the divisions continually. It's a team-building thing."

Erickson, Hendricks and Bean (whose father founded Pay 'n Save in 1947) are "still involved in the strategic planning for all divisions with Julius Trump," Konschuh said. "It's not true that those guys are out. We're putting more emphasis on the heads of divisions to perform day-to-day operations. In the case of Ernst, it will be Bill Boston."

"There is a transition going on at the Pay 'n Save Corp., we've got to admit it," said Konschuh. "But change is good. If you don't have change, you're going to die. We're looking at the transition as a very positive move."

Low margins a problem

The Ernst stores had been specifically mentioned by Pay 'n Save management in the first half of fiscal 1985 as being poor performers, with lower gross margins being a particular problem. Last year, Ernst phased out sporting goods departments which had been a high margin category.

Last summer, Mack DuBose, formerly a regional manager for W. R. Grace's western home center division, was brought aboard as director of merchandising for Ernst. In recent months the chain has been remerchandising stores to reflect a stronger emphasis on big-ticket project-related items.

The company's new state-of-the-art MIS system now being installed on the second floor at corporate headquarters is a "positive" development, Konschuh said. "We will double the data processing staff" to implement the new system.

Wolohan now on Nat'l Market list

SAGINAW, Mich. — Wolohan Lumber was placed on the NASDAQ National Market System List Jan. 22. The $130 million chain of 34 stores will now trade on a real-time basis, so that all transactions are reported immediately on the stock pages.

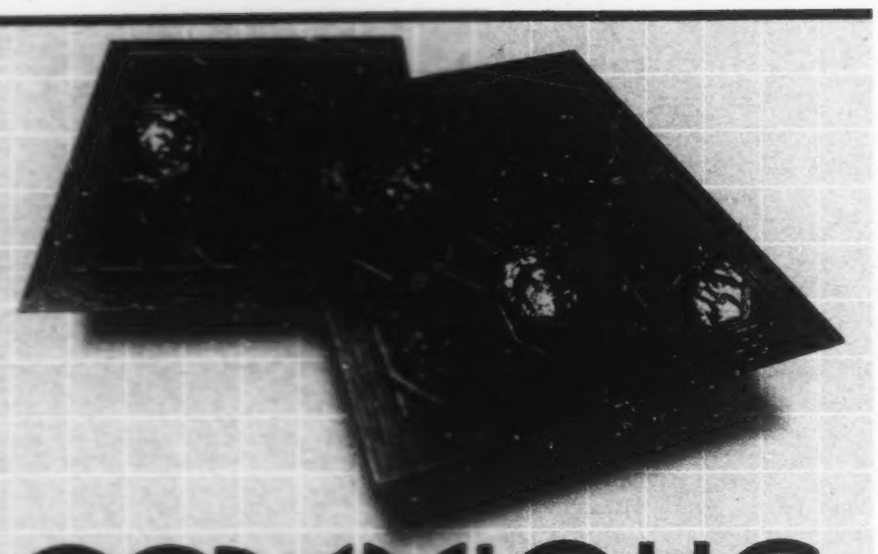
Previously, the company was listed on NASDAQ's "bid-and-asked" list, which did not include daily volume.

Clarifications

The Feb. 11 story "Cold snap spurs sales, but snow buries Texas" misidentified one source. Ken Ogilvie is the advertising director for Alamo Enterprises of San Antonio, the nine-unit subsidiary of Evans Products, not Alamo Lumber Co. as stated in the story.

A chart in the Jan. 28 issue, page 19, showed U.S. Housing Starts totaling 1,014,678 starts in 1984 and 540,602 for single family starts, plus a regional breakout, but failed to note that these were totals for metropolitan areas only. The figures were taken from estimates by the National Association of Home Builders.

The total United States figure, for rural nonmetropolitan and metropolitan areas, came to 1.74 million with 1.047 million for single family starts, as noted in the accompanying story.



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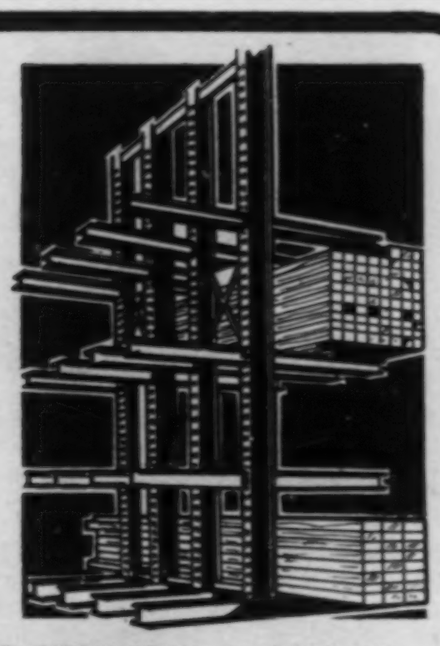

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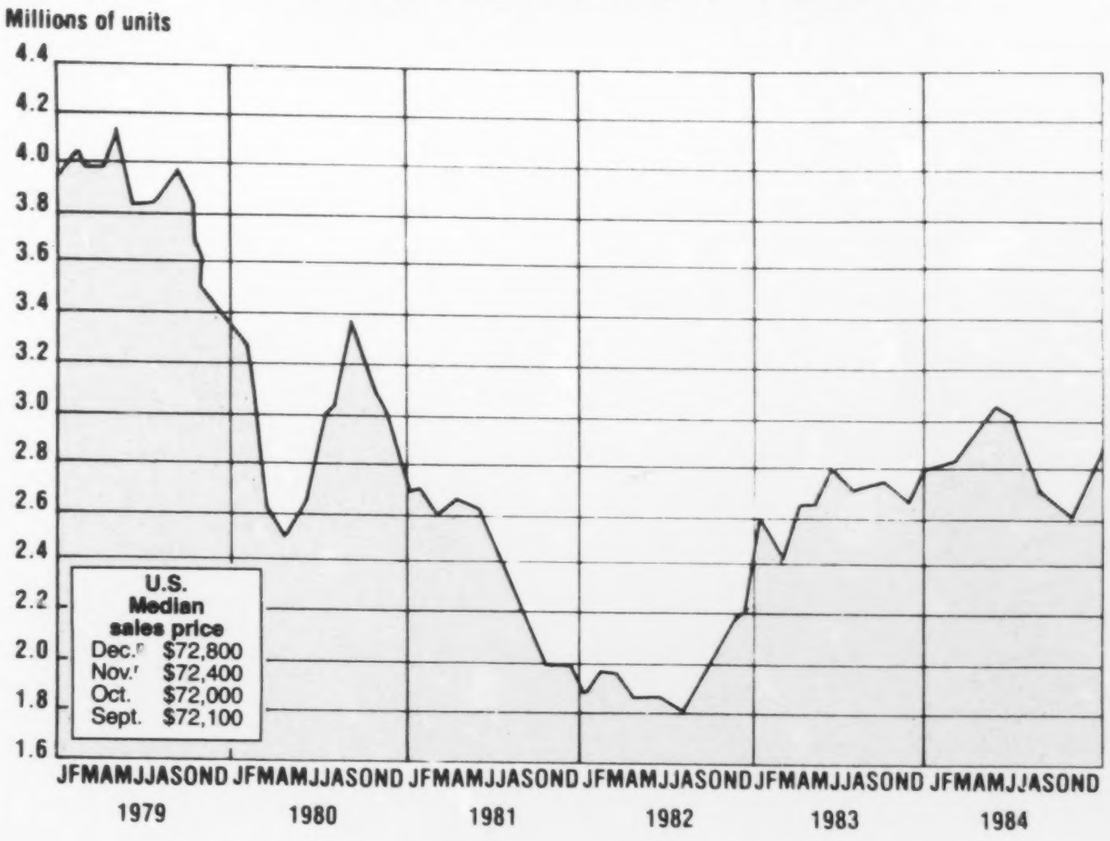
HOUSING WATCH

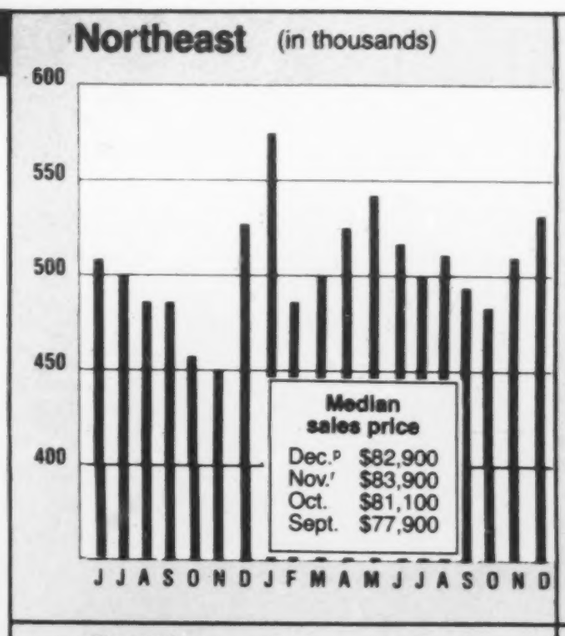
Existing single-family home sales

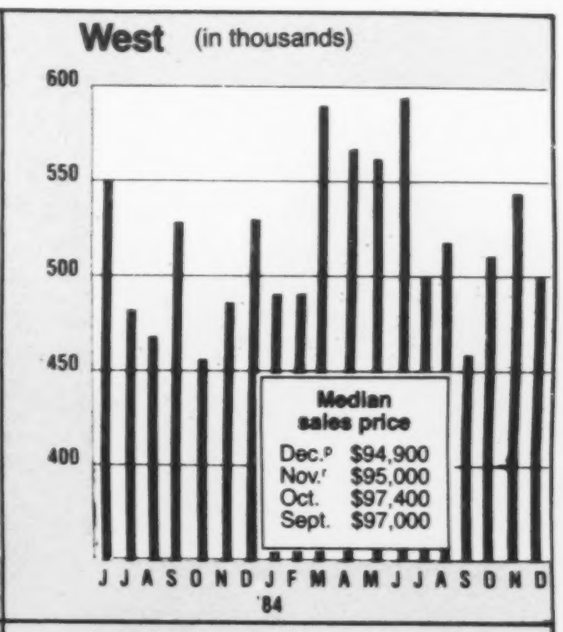


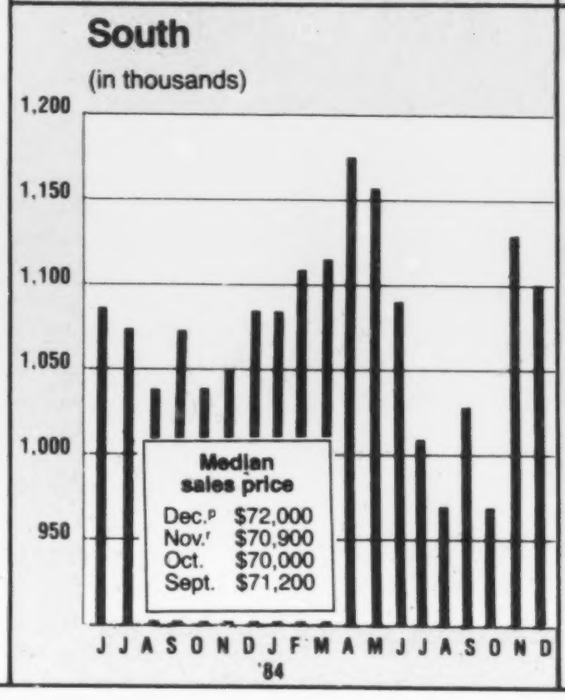
The number of home resales in 1984 was the highest since 1980 with 2.97 million existing homes sold according to the National Assn. of Realtors. This is 5.5% above 1983's figure of 2.72 million. The median sales price of an existing single family home in the United States was $72,900 in December 1984, up 3.6% from December 1983's figure of $70,300.

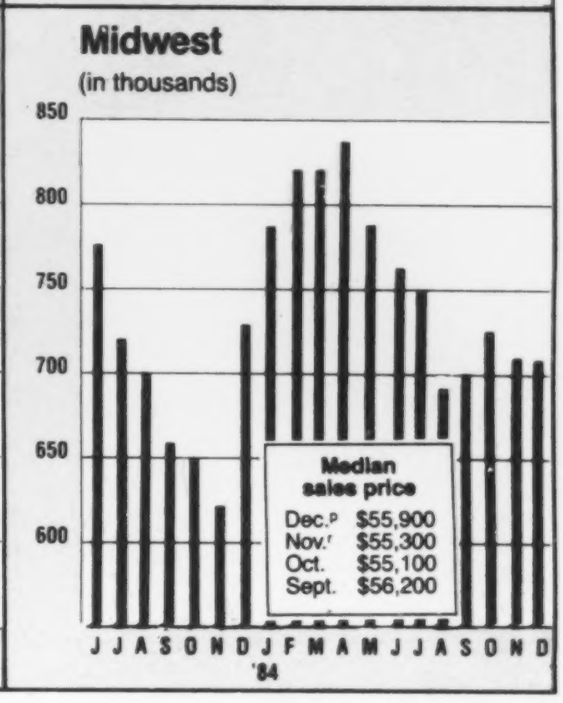
p = preliminary r = revised

Source: Nat'l Assn. of Realtors









Improved housing affordability lifts '84 home resales

WASHINGTON — Lower mortgage interest rates helped existing single-family home sales in 1984 rise to their highest level in four years, according to the National Association of Realtors.

During 1984, 2.87 million existing single-family homes were sold, which is 5.5% higher than in 1983 when 2.72 million were sold.

"Improving housing affordability was clearly the reason for the increase in home resale activity last year," said David Roberts, president of the association.

The key factor behind improved affordability in 1984 was the availability of adjustable-rate mortgages. Their initial low rates meant that more people could enter the housing market. The average effective rate on mortgages closed in 1984 (including initial ARM's) was just under 12.5% according to the Federal Home Loan Bank Board. This compares with a rate of 12.85% in 1983 and 15.38% in 1982.

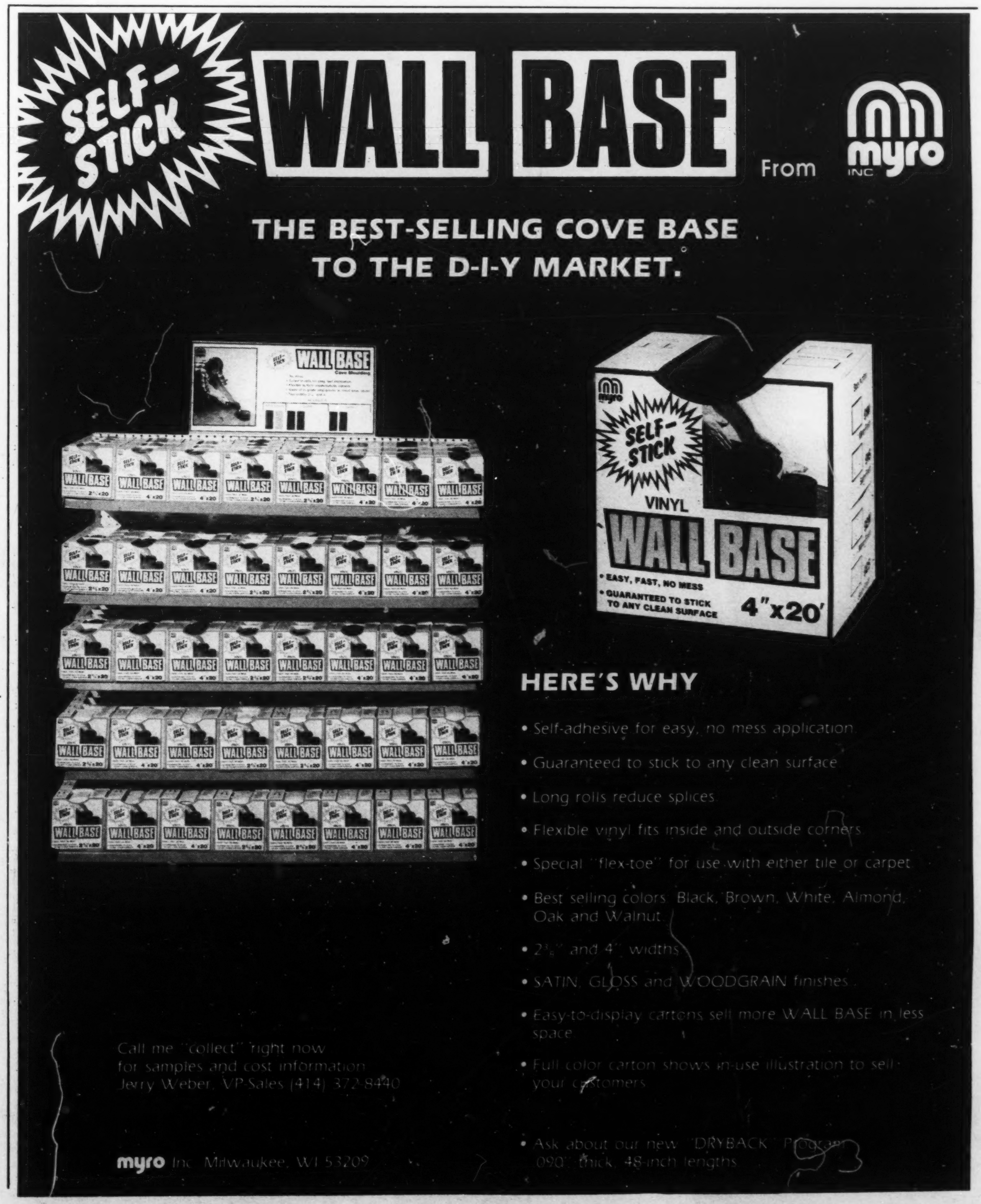
Low rates also encouraged new home sales to rise to 639,000 units in 1984, the highest on record since 1979 when 709,000 new homes were sold and 2.6% above 1983's total.

Although all regions experienced a growth in resale activity between 1983 and 1984 the strongest increases occurred in the West where 528,000 single-family units were sold. The region had a strong first half and resale activity was up 9.8% above 1983 with 528,000 existing single-family homes sold.

The Midwest also started the year strongly and had a 6.6% increase in resale activity from 1983 with 756,000 units sold. Home resales in the Northeast were steady throughout 1984 and ended 3.7% above 1983 with 511,000 units sold.

Although the South continues to be the main region for resale activity, home resales were very slow between June and October and total resales ended up 3.7% higher than 1983.

The median sales price of an existing home continues to vary greatly between the regions. The West has the highest median resale price at $94,900 for December 1984.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LUMBER REPORT

Company cars, plywood suit, tax issues occupy lumbermen

WASHINGTON — The Internal Revenue Service's new regulations pertaining to the use of company cars and check disbursements from the plywood antitrust settlement seem to be top issues on the minds of the nation's lumbermen.

"Dealers are really concerned about the IRS's requirement that they must keep contemporaneous, accurate records of automobile business usage," said Harry Horrocks, director of Government affairs for the National Lumber & Building Material Dealers Association (NLBMDA) in Washington, D.C. The lumbermen are worried that the new IRS rules could erode the tax breaks on company cars.

Horrocks added that he has been receiving many calls from dealers inquiring about their share of the pie in the settlement of the plywood antitrust suit against lumber manufacturers. Horrocks said that check disbursements from the settlement, with occurred two years ago, should begin in May.

The NLBMDA is monitoring these two questions and it is actively lobbying Congress on other key issues. The lumbermen's group is paying a great deal of attention to congressional action on reducing the Federal budget deficit and the curtailment of Federal programs that might pertain to retailers. "We're very concerned about the deficit's affect on interest rates for mortgages and for small-business borrowings," Horrocks said. The huge deficit will drive interest rates higher as the Government competes with institutions and individuals in the public debt market.

After dealing with the deficit and anticipated budget cuts, the NLBMDA will consider the Treasury Department's tax reform proposal. "We are opposed to the regulations that could limit the deductibility of interest on second homes and the elimination of other exemptions and credits such as the investment tax credit," Horrocks commented. Under the Treasury's proposal, a retailer who purchases a new truck, for instance, could lose the investment tax credit and the new vehicle would be subject to a slower depreciation timetable. Therefore, the dealer's tax liability would be increased.

"We're the best housed nation in the world due, in large part, to our tax laws. To deprive taxpayers of some of these housing-related deductions would be like killing the goose that laid the golden eggs," commented Horrocks. The lumber dealers' group is also opposing proposed rules that would tax employee fringe benefits such as health insurance.

On the issue of Canadian lumber imports, the NLBMDA is walking a fine line. About one-third of all the lumber sold by its members is Canadian, while on the other hand, lumber suppliers in the United States are suffering from depressed commodity prices. "Our policy now is to oppose tariffs on Canadian lumber imports, but at the same time, encourage trade representatives on both sides to reach an agreement," added Horrocks.

Champion to shut 7 Western plants

STAMFORD, Conn. — Champion International Corp. will close building products plants in seven West Coast locations, but company officials say it won't have any impact on their ability to supply product to distributors.

"Besides what we manufacture in our own mills, we buy a lot of building products on the outside," explained Bob Conley, vp-manufacturing. "There are other manufacturers on the West Coast and we'll be buying more from them."

The plant closings will affect about 2,000 of Champion's 50,000-employee workforce. Chairman and ceo Andrew C. Sigler said, "We've lost immense amounts of money in this business and couldn't see any end in sight. It's been a major drain."

Champion expects to take a write-off of between $120 million and $150 million, reflecting the sale or closure of facilities in addition to losses on timber-cutting contracts with the U.S. Forest Service.

FUTURES

Two weeks ended Jan. 24, 1985

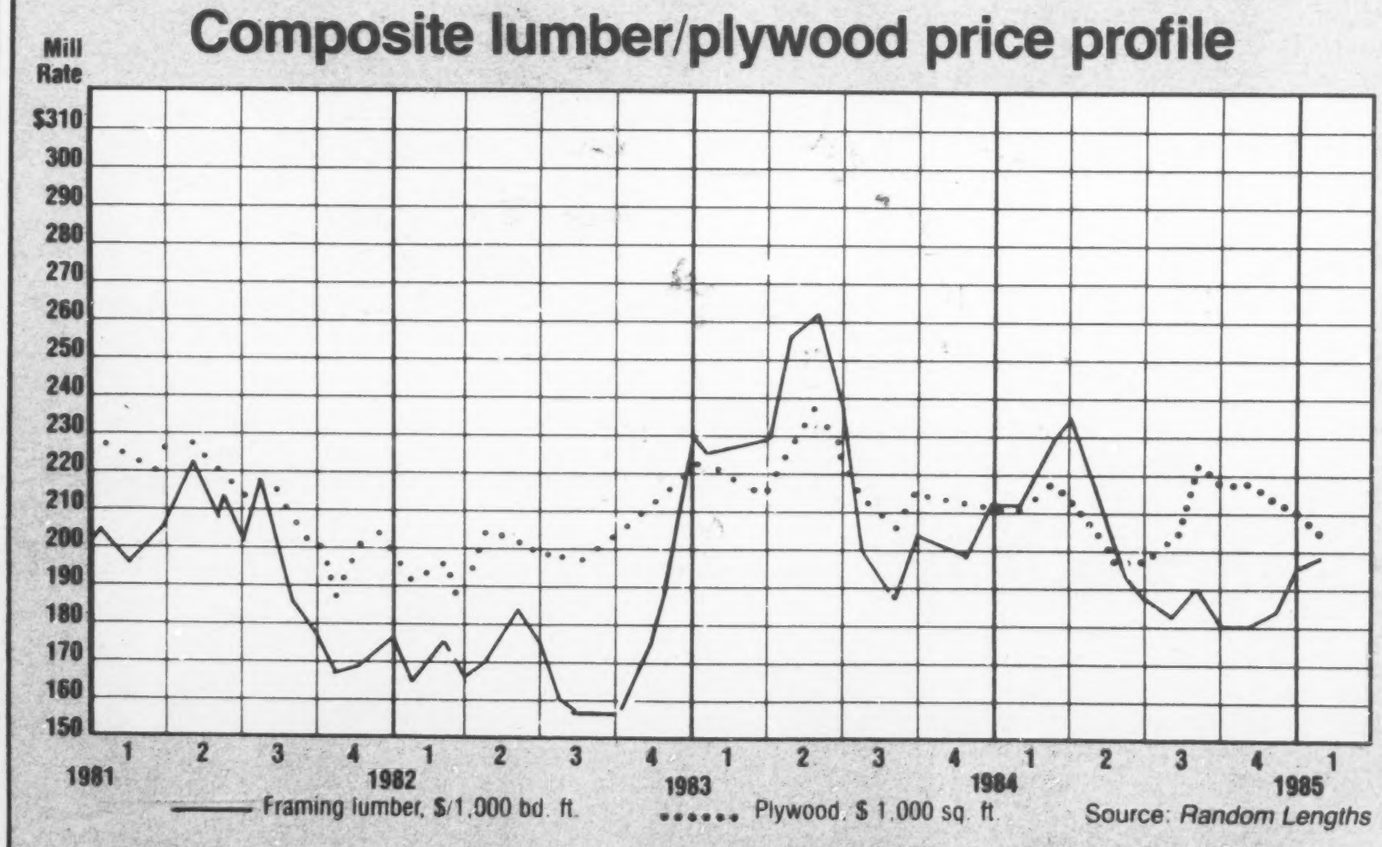
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Mar. '85	161.30	154.40	159.90	156.50	4,409	221.30	130.30
May	170.30	163.20	169.00	164.20	2,167	220.40	139.30
July	176.30	169.50	174.70	170.30	1,296	225.00	147.00
Sept.	179.50	173.60	179.40	174.20	708	230.50	153.00
Nov.	180.80	177.30	180.40	177.90	879	197.50	157.50
Jan. '86	184.80	182.00	184.50	182.00	180	186.10	167.30
March	188.20	186.00	187.50	—	35	188.20	173.50

Total Contract Vol. (Through 1/24): 25,445 — **Previous Two Weeks: 23,300**
Total Open Interest (As of 1/24): 9,696 — **Previous Week: 10,387**
Cash Price: $155.82 — **Previous Week: $161.70** — **Year Ago: $164.64**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Jan. 24.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

While framing lumber prices jumped in December and edged even higher in January, prices for plywood continued to erode. The hoped for activity last fall never materialized as volume plywood sales were rare and buyers bought to fill inventory holes or to supply job sites.

The composite framing lumber price was $196 per thousand board feet in December and $198 in January, up sharply from November's $184.

The plywood composite dropped to $210 per thousand square feet in December and dipped again to $204 in January.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

SYSTEMS & OPERATIONS

Security spending rises in '84; high tech devices gain popularity

NATIONAL REPORT — Retailers budgeted 18% more for security last year than they did in 1983, according to a new study from Arthur Young, a New York accounting and consulting group.

Retail store shrinkage dropped by 10% last year, the study found.

Most of the increased expenditures were devoted to higher technology devices for the control of shrinkage. While nearly 70% of retailers said that guards were still the method they used most often to control theft, some of the new technologies were cited as being very effective.

"Clearly, retailers are supplementing traditional loss control measures with less visible and more technological devices," said Errol M. Cook, the Arthur Young partner who spearheaded the study team. The turn toward technology was further reflected in the fact that more retailers than ever—60% of respondents—said electronic tags were the most effective devices for controlling shrinkage. Stores also reported that point of sale (POS) technology, was very effective in cutting losses. In particular, they pointed to systems that duplicate sales transactions on a cash register located in the security department. This technology is a further extension of the type of cash register that has, in the past, created a duplicate internal sales tape that cannot be accessed by sales register operators.

Television monitors were favored primarily by larger retailers and mass merchandisers.

The study noted that shrinkage, which includes losses due to shoplifting, pilferage and poor paperwork control, decreased 10% last year, to a level of 1.9% of store sales. Factors cited for the decrease included not only higher expenditures on security devices, but also vigorous prosecution. Stores are now taking to court 2 out of 3 of those persons apprehended, and are winning convictions on more than 90% of those prosecuted.

Retailers participating in the survey said that shoplifters were typically over the age of 18, as likely to be male as female, and employed more often than not. Some 56% of retailers said they felt that shoplifters planned on stealing merchandise before they entered the store rather than reaching such a decision while inside the store, a finding that bucks some traditional thinking concerning shoplifters' motives.

Among employees, far more theft occurred at POS—some 40%—and on the selling floor—about 22%—than in the stockroom and the warehouse.

Retailers attributed 44% of their total shrinkage to employee theft, 30% to shoplifters and 4% to vendor thefts. Another 22% was attributed to poor paperwork.

Participants in Arthur Young's sixth annual security survey represented 176 mass merchandisers, department stores and specialty stores, operating in more than 33,000 locations, with more than $109 billion in sales.

Security devices judged to be among the most effective

Device	% of respondents
Electronic tags	60%
Guards	17
POS technology	15
Observation booths	13
Visible TV monitors	13
Limited access areas	10
Concealed TV monitors	8
Lock and chain devices	8
Mirrors	2

Because of multiple responses, figures total more than 100%.
Source: Arthur Young; *NHCN* chart

In a new study by the New York accounting firm of Arthur Young, retailers responded that they believed electronic tags were the most effective devices for controlling shrinkage.

Electronic bug killer sales show a healthy increase in 1984

NATIONAL REPORT — Electronic bug killer unit sales showed a healthy 15% increase last year, compared to 1983, and the Electronic Pest Control Assn. (EPCA) predicts strong sales increases again this year.

Estimated 1984 unit sales rose to 2.7 million from 2.3 million in 1983.

The EPCA assembles data from United States manufacturers and estimates of units imported by foreign or domestic firms.

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Sally Struthers, National Chairperson

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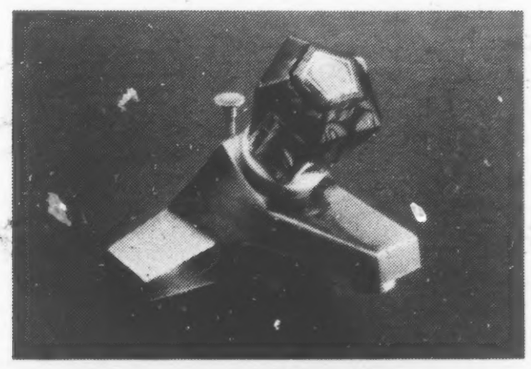

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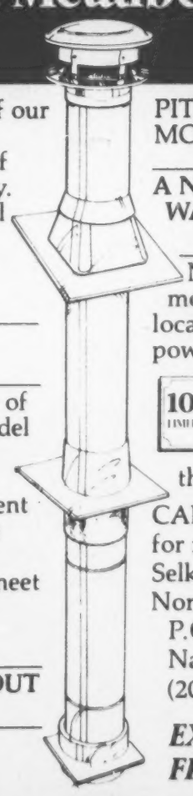

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